

Packers and Stockyards Program

History

The Packers and Stockyards Program (P&SP) of the U.S. Department of Agriculture's Grain Inspection, Packers and Stockyards Administration the responsibility of administering the Packers and Stockyards Act (P&S Act). The P&S Act, passed by Congress on August 15, 1921, was the result of years of concern about anticompetitive activities among meat packers. The legislation gave the Secretary of Agriculture the authority to regulate livestock marketing activities at public stockyards and the operations of meat packers and live poultry dealers. The law also authorized the U.S. Department of Agriculture to regulate stockyard operators and market agencies at the stockyards, and to issue reparation awards for monetary damages for violations of the law.

The P&S Act has been updated several times to keep pace with a changing and dynamic industry. The first major amendment to the P&S Act was in 1958, when Congress expanded USDA's jurisdiction to all auction markets operating in commerce. Before 1958, only auction markets with an area of 20,000 square feet or more were covered. In addition, jurisdiction over market agencies and dealers was expanded to include all of their livestock activities in commerce, including those away from stockyards.

Over the years, the P&S Act has been amended. In 1976, the P&S Act was amended to increase financial protection to livestock producers and to expand USDA jurisdiction. This amendment (1) required meat packers with annual livestock purchases of over \$500,000 to be bonded; (2) provided trust protection for producers in the event of nonpayment for livestock by a meat packer; (3) expanded USDA's jurisdiction over wholesale brokers, dealers, and distributors marketing meat in commerce; and (4) authorized the Agency to assess civil penalties of not more than \$10,000 per violation. In subsequent legislation that amount was increased to \$11,000 for packers, swine contractors, stockyard owners, market agencies, or dealers, and \$27,000 for live poultry dealers. In 1987, it was amended to provide trust protection to live poultry sellers and contract growers in the event of nonpayment for poultry by live poultry dealers and more recently, in 2000 it was amended to require P&SP to perform an annual assessment of the cattle and hog industries.

GIPSA's Mission

The Grain Inspection, Packers and Stockyards Administration facilitates the marketing of livestock, poultry, meat, cereals, oilseeds, and related agricultural products and promotes fair and competitive trading practices for the overall benefit of consumers and American agriculture.

P&SP's Mission

The mission of P&SP is to ensure fair trade practices and competitive markets for livestock, meat, and poultry. This includes fostering fair and open competition and guarding against deceptive and fraudulent practices which affect the movement and price of meat animals and resulting products. The Agency also works to protect consumers and members of the livestock, meat, and poultry industries against unfair business practices that can unduly affect meat and poultry distribution and prices.

P&SP carries out limited responsibilities for the Secretary of Agriculture under Section 1324 of the Food Security Act of 1985. These responsibilities include review of "central filing systems" established by States for pre-notification of security interests against farm products.

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P&SP is responsible for bringing formal actions for violations of the Truth-in-Lending Act and the Fair Credit Reporting Act by persons and firms subject to the Packers and Stockyards Act.

P&SP also responds to requests for information from the public under the Freedom of Information Act.

Who is Subject to the Packers and Stockyards Act and Who Benefits?

Those engaged in the business of marketing livestock, meat, and poultry in commerce are subject to the Packers and Stockyards Act. This includes stockyards, commission firms, livestock auctions, order buyers, dealers, meat packers, meat brokers, meat wholesalers and distributors, swine contractors, and live poultry dealers.

Livestock producers, poultry growers, consumers, and all firms or individuals engaged in the business of marketing, processing, and distributing livestock, meat, and poultry benefit from the P&S Act.

Who is Not Subject to the Packers and Stockyards Act?

Farmers and ranchers are not subject to the P&S Act when buying livestock for their own stocking or feeding purposes, or when marketing their own livestock.

Enforcement Procedures

P&SP conducts investigations to determine whether subject persons and firms are in compliance with the P&S Act and regulations issued under the P&S Act. Violations are resolved according to their seriousness as follows:

- Letters of Notice – Certified letters, give notice of the violations found. Violations are corrected, when practical, without resorting to formal legal proceedings.
- Administrative Actions – These actions are within USDA. A complaint, alleging specific violations, is filed against a firm or individual. The accused party has a right to a hearing before an administrative law judge. The judge's decision may be appealed to the USDA Judicial Officer. The accused party may appeal the Judicial Officer's ruling to a U.S. Appeals Court, and further to the Supreme Court of the United States.
- Court Actions – Legal action may be taken, through the Justice Department, in a U.S. district court against those subject to the P&S Act.

Reparations

Claims for reparations may be filed against stockyard operators, commission firms, auction markets, dealers, and order buyers seeking reimbursement for damages. If a person is harmed by a packer or live poultry dealer, the P&S Act provides for private action by the claimant.

Penalties for Violations

Formal actions brought for violations of the P&S Act may be settled in one of several different ways.

- Cease and desist orders.
- Suspension of business operations.

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- Civil penalties up to a maximum of \$11,000 per violation; \$27,000 for violation of poultry trust provisions.
- Permanent injunctions, fines, and jail sentences for actions taken through the Justice Department.

P&SP Personnel

Most P&SP employees perform investigative duties; many have backgrounds or specialties in agriculture, law, auditing, marketing, and economics.

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